CHAIRPERSON JAMES: Mr. Manfuso.

MR. MANFUSO: Thank you, Madam Chairman, members of the Commission.

I want to particularly express my appreciation for the opportunity to bring the horse into this discussion of Thoroughbred racing. You know, I found it interesting when the Commission provided suggested questions. We're so concerned about the pari-mutuel wagering, which is critical. And it's critical because it does provide the funding, without question. But sometimes the horse and where this business really starts is lost, and I'd like to suggest to the Commission that where it starts are farms like Chanceland Farm, a farm that we operate 40 minutes from downtown Washington if you don't catch the beltway at the wrong time. Twenty-five, 30 minutes from the Inner Harbor in Baltimore.

We're part of -- we sit on 200 acres and we're part of 17,000 acres in Howard County alone that's an integral part of an aggressive land preservation program that Maryland has pursued for a number of years. The program's in Baltimore County, Hartford County. Tony mentioned 1400 horse farms in Kentucky. Off the top of my head I'd suggest we probably have 400 in Maryland. And without the horse, without the program that starts usually the first of the year in January where we start to foal mares, there's no Thoroughbred racing.

People talk about the economic impact of farms and the contribution to the quality of life. Very briefly I'll mention not the billions -- I think the numbers are real. Contrary to Doug's statements this morning, I think they're
probably understated. But our little budget last year, our operating expenses for our small operation amounted to just shy of $1,700,000, and of that money well over 50 percent went into direct labor. We spent another $250,000 in feed, bedding and grain. We do contribute to the agri-business in our county. We spent about $87,000 plus or minus in veterinarian expenses. We support the professionals.

And our whole thrust, or our whole mission as I'd like to say today, is to produce solid racing prospects that can compete anywhere in the world. That's what we're all about. And these horses today are shipped internationally. As a matter of fact, last night at supper I was commenting to Joe Harper that we had the opportunity to watch one of our horses that we bred at Chanceland win a maiden race at Del Mar this past weekend. And thank you very much; it paid $57.

I think the question then comes if our purpose is to evolve solid racing prospects, and we're talking about pari-mutuel wagering, we've got the gambling side of our business that is so often considered the whole business, and it's not. We're a sport. We provide excitement. Tony mentioned these thousand-pound athletes that go charging down the stretch at some 40 miles an hour piloted by 110-pound jockeys. With this experience the public has an opportunity to participate in because for that moment, that moment of a race, they can literally own the horse. And there ownership might be a $2 show bet or it might be a $5 win bet, but they own the horse for that time, and they get as excited as I do as a breeder or if it's a horse that I happen to own and race as we head to the winner's circle.
The benefits of the Thoroughbred business go far beyond just the racetrack. Horses that we breed that are successful sometimes on the flat end up in the steeplechase program. And those of you who are in the Washington area, I urge you to think about the plains of Virginia the first Saturday in May. They have a day called Virginia Gold Cup Day. It's absolutely phenomenal. Forty thousand people jumping up and screaming and having a great time as they watch six steeplechase races. There are other horses that -- you know, it's always fascinating to me as a breeder. You know, God doesn't bless us all with the same talents. That's simply a fact of life, and sometimes you have a pretty boy and unfortunately he's not too fast. And if he's not too fast he's not going to compete too well at the racetrack. So we have these horses that go into the show and the rings. And so it goes, and so it expands.

So now we get into the business of the pari-mutuel wagering and how that fits into the equation. Without question, it's virtually the source of our funding, and today the complexities of the issues and extended gaming people say well, what do you think about that, Bob. I say it's a tough question because it really goes from state to state. We already have extended gambling, and that extended gambling is through our satellite wagering facilities, and they're really more entertainment facilities when they're done properly. And why does that happen? You know, why it happens is not a very difficult issue to discuss. It really relates to lifestyles of people. People's lifestyles today are such that what they pay for entertainment is not always measured in dollars alone, it's
measured in convenience. It's measured is accessibility. If you
wanted to dine in New York City your place may be four blocks.
If you wanted to dine in Texas you might go 50 miles, and so it
goes with racing. Tom Meeker a number of years ago allowed
Keeneland to enjoy the Derby Day from Lexington, Kentucky and
they simulcast the Derby. Would you believe that 20,000 people
were at Keeneland Racetrack on the first Saturday in May?

The question of other forms of gambling, whether it's
slots at racetracks, card rooms in California, is one that I
think is a two-edge sword. On one hand I sit on the board of
Hollywood Park. We have a card room in a facility that was a $40
million mistake, and it's helped racing. We have also have card
rooms eight or ten miles from our facility. It's difficult to
suggest that if you have gambling as part of your entertainment
facility, and you've opened up a casino next door, that you
shouldn't provide the same opportunities to the racetracks as you
provide to other forms of gambling.

On the other side of the coin, though, we have a
situation which I think is concern to those breeders who keep the
focus on horses. And that's the fact that all too often access
to other forms of gambling provides no more than a quick fix, and
the track operators lose their focus. They tend to direct a
disproportionate amount of funds and resources, both human and
financial, to the other form of gambling as opposed to racing.
Simply, it's more profitable. That's easy to figure. And I
think that's a situation that is current in several states that
are pursuing slots, particularly at racetracks. The
problem with that is that down the road if the expenses oriented
side of your business can be eliminated so that you can simply pursue the profitable side of your business, it would have a significant impact on farms such as Chanceland.

I'd be happy to answer any questions the Commission might have. Thank you for your time.

CHAIRPERSON JAMES: Thank you, Mr. Manfuso.